

Monterey Group

**Fighting Against Forced Labour and Child Labour in Supply Chains
Act**

For the fiscal year ending March 29, 2025

Dated May 30, 2025

The Monterey Group is committed to complying with current Canadian and American laws and to promoting and protecting human rights in its internal operations and international supply chain. In accordance with Section 11 of the "Fighting Against Forced Labour and Child Labour in Supply Chains act," (the Act) we present our annual report on the measures taken to prevent and mitigate the risks of forced labor and child labor.

Our business structure, activities and supply chain

The Monterey Group is a Canadian-controlled private corporation operating in the textile and composites manufacturing sector. The head office is located in Drummondville, Quebec, Canada, and we employ hundreds of employees in Canada and dozens of employees outside of Canada. The company owns manufacturing plants and a distribution center in Canada, controls entities in Canada and abroad, and markets its products nationally and internationally. We also import goods and raw materials from outside Canada.

The headquarters is located in Drummondville, Quebec, Canada. The Monterey Group manages assets worth over 20 million dollars, generated revenue of over 40 million dollars in the past two fiscal years and employs hundreds of employees in Canada and tens of employees outside Canada. We are therefore required by the current law to prepare this report.

Our supply chain includes several suppliers in North America, Europe, and Asia. Most of our suppliers are based in North America and Europe, which reduces the risks of forced labor and child labor in our supply chain.

Policies and Due diligence processes

As a North American company, we are committed to complying with all applicable laws in the territories where we operate. We adhere to labor standards and are proud to offer hiring conditions that exceed legal requirements. Upon hiring, each employee must read, sign and commit to complying with internal policies and regulations, as well as applicable laws, thereby ensuring strict legal compliance in our internal operations. Our facilities are regularly inspected, and the Monterey Group is committed to providing a healthy work environment where employees have the opportunity to express themselves and negotiate freely with management.

We have drafted and published an internal policy addressed to the Human Resources and Procurement departments to clarify our intentions and standardize our expectations towards the staff of each entity within the Monterey Group. This policy defines everyone's responsibilities regarding the prevention of forced labor and child labor within our supply chains. It also serves as a common reference to guide decision-making, ensure consistency in our actions across the group, and strengthen our culture of ethics and compliance.

Measures taken to prevent and reduce the risks of forced labor and child Labor

The Monterey Group periodically sends compliance requests to its various suppliers. The purpose is to inform them about the current law, raise their awareness, and demonstrate our commitment to working with partners who respect human rights. The compliance requests require suppliers to declare that they do not use forced labor or employ children, and that their supply chains are free from these practices. We have decided to send these requests to all our raw material suppliers, rather than to a targeted group, to ensure the integrity of our supply chain in the context of globalization and resource diversification.

We continue our process of supply chain mapping and risk area identification. We have identified risks related to certain regions, but no evidence has led us to conclude that human rights violations occur among our suppliers.

Since some of our suppliers are located in areas considered at risk in Asia, we make it a priority to regularly send compliance requests, conduct research, and maintain ongoing monitoring to better understand our partners and ensure they respect human rights.

Measures Taken to Remedy Income Losses of Vulnerable Families Caused by Our Supply Chain Measures

Not applicable. We have not identified forced labor or child labor in our supply chain.

Training Provided to Employees

The Monterey Group informs and raises awareness among its employees in various ways. Our buyers actively participate in the due diligence process, particularly by identifying suppliers, tracking the origin of purchased goods, and sending compliance requests. We communicate with our procurement departments to ensure they remain aware of issues related to forced labor and child labor. We also provide them with documentation explaining the impact of these issues on our supply chain and on vulnerable communities.

Evaluation of Our Efforts and Actions

Regarding our internal operations, we are very confident in complying with the laws. Employee identities are verified by our human resources services, negotiations between management and employees are conducted at regular intervals, and complaint handling procedures are in place to assist employees with any ethical issues they may encounter.

Regarding the supply chain, we are satisfied with the results of our efforts. Our staff is aware of the key issues, the compliance requests sent to our partners are standardized, and a significant percentage of our suppliers have responded. We monitor the quantities of

goods purchased from high-risk areas, and the research conducted on our suppliers gives us confidence in the integrity of our supply chain.

Approval and Certification

This report is the official annual report and not a revised version. The Monterey Group operates in Canada and the United States and is only required to produce a report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

This report is approved by the President of the Monterey Group and encompasses the following companies: Filspec Inc., 9086-1576 Québec Inc., Texonic Inc., Textiles Monterey (1996) Inc., Spungold Holdings, inc., Textiles Titan International Inc., 3191737 Canada Inc., 9031-1606 Québec Inc and Lincoln Fabrics Inc. for the fiscal year ending March 29, 2025.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate, and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Gilles Desmarais

President

05-30-2025

(signed) Gilles Desmarais

I have the authority to bind the Monterey Group.